

## Message Text

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PAGE 01 STATE 016671  
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DRAFTED BY EUR/CE:JHURLEY:DHT  
APPROVED BY EUR/CE:WWOESSNER  
EUR/CE:RCBARKLEY  
TREASURY:MFIELD(SUBS)  
A/BF/OAG:DLQUAID(SUBS)  
CA/SCS:RDBELT(SUBS)  
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-----098926 211116Z /17

R 202239Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BERN

UNCLAS STATE 016671

E.O. 11652: N/A

TAGS: CFED, EFIN, SZ

SUBJECT: TAXATION OF AMERICANS ABROAD

REF: BERN 310; STATE 14201; BERN 205

1. STATE REFTEL OUTLINES GUIDANCE ON HANDLING TAX FORM  
INQUIRIES.  
  
2. THE ADMINISTRATION, HENCE ALL DEPARTMENTS, HAS STRONGLY  
SUPPORTED PENDING LEGISLATION WHICH WOULD DELAY FOR ONE  
YEAR (TO JANUARY 1, 1978) THE IMPLEMENTATION OF THE  
PROVISIONS OF THE TAX REFORM ACT OF 1976. THIS SHOULD ALLOW  
SUFFICIENT TIME FOR PASSAGE OF A LAW WHICH WOULD PROVIDE  
BASIC REFORM OF THE RULES COVERING THE TAXATION OF FOREIGN  
SOURCE EARNED INCOME. THE REFORM, WHICH SHOULD BE INTRO-  
DUCED IN THE NEAR FUTURE, WOULD BE MADE EFFECTIVE JANUARY  
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1, 1978, REPLACING EXISTING LAW.

3. THE ADMINISTRATION'S PROPOSAL ON TAX DEFERRAL, WITH  
RESPECT TO CONTROLLED FOREIGN CORPORATIONS, IS CONTAINED IN  
ITS JANUARY 21 TAX MESSAGE. EMBASSY WILL BE INFORMED OF  
CONTENT.  
4. EMBASSY UNDERSTANDING CORRECT THAT GAO HAS CONDUCTED A

STUDY ON THE QUESTION OF TAXATION OF AMERICANS LIVING  
ABROAD. CONDUCT OF THE STUDY TOOK PLACE LAST FALL  
AND HAS BEEN COMPLETED. A FACT-FINDING REPORT IS  
DUE FOR RELEASE IN A FEW WEEKS.

5. THERE APPEARS TO BE NO CHANCE IN THE NEAR FUTURE  
THAT ACTING ASSISTANT SECRETARY OF TREASURY FOR TAX  
POLICY DONALD LUBICK WILL BE IN EUROPE AND COULD  
VISIT SWITZERLAND. HE WOULD HOWEVER WELCOME ANY  
WRITTEN COMMENTS OF EMBASSY AND/OR THE SWISS-AMERICAN  
CHAMBER OF COMMERCE. CHRISTOPHER

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## Message Attributes

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**Draft Date:** 20 jan 1978

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**Disposition Approved on Date:**

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**Disposition Comment:**

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**Disposition Event:**

**Disposition History:** n/a

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